

SUMMARY OF ASSUMPTIONS AND NOTES TO THE PROJECTIONS.

PREPARED BY THE GENERAL PARTNER

1. GENERAL

The Projections have been prepared by the Fourth Daniel Realty Investment Corporation (DRIC IV), the General Partner of Daniel Properties IV ("the Partnership"), a Virginia limited partnership, formed pursuant to the Virginia Uniform Limited Partnership Act to purchase, own, and operate the Woodgate West Apartments (the "Property"), an existing residential rental project located in Houston, Texas. The Property is conventionally financed and receives no subsidy assistance.

The Projections are based on assumptions made by the General Partner concerning future events and circumstances, based on the General Partner's prior experience in managing apartment complexes and general trends in the apartment rental business. The Projections are the General Partner's estimate of the most probable results to be expected from future operations of the Property. Certain information contained herein has been provided to the General Partner by the Seller of the Property. Although this information is believed to be reliable, the General Partner has not audited or otherwise verified such information and assumes no responsibility therefor. Unanticipated events and circumstances will occur subsequent to the date of the Projections which will cause actual results to be different from projected results, and such differences may or may not be material.

The Projections have been prepared on the basis of anticipated reporting for federal income tax purpose, which is different from generally accepted accounting principles (principally with respect to depreciable lives of the Property which for federal income tax purposes are shorter) and thus does not purport to present projected financial positions and results of operations in accordance with generally accepted accounting principles.

Transferability of the Limited Partnership Interest in the Partnership is severely restricted. It may be acquired for investment purposes only and not with a view to or for resale. The Partnership Interest may be sold in the future only if it is registered under the Securities Act of 1933,

that the Interest will be registered under the Securities Act of 1933 for public sale. The Partnership has no obligation or intention to so register for resale under any federal or state securities law, or to comply with the standards set forth in Rule 144 under the Securities Act of 1933. In addition the Partnership Agreement further restricts the transferability of Units. Partners will not have the right to withdraw their Capital Contributions from the Partnership or to receive the return of all of any portion of their Capital Contributions except upon sale or refinancing of the Property or upon the dissolution of the Partnership if sufficient funds are generated as a consequence of such events.

Additionally, the Projections assume certain tax positions which are subject to examination and possible adjustment by the Internal Revenue Service ("Service"). Furthermore, federal income tax laws and regulations are subject to change, some of which may adversely affect the Projections.

The Partner's shares of Partnership taxable income, gains, losses, deductions or credits may be greater or less than those shares projected in the Projections due to alternative positions taken with respect to the deductability of certain costs and the results of actual operations which may be different from the assumptions upon which these Projections are based.

The following summarizes the organisation, capitalization and other general aspects of the Partnership:

- (A) The General Partner of the Partnership is DRIC IV, a Virginia corporation and a wholly-owned subsidiary of Daniel International Corporation ("DIC"). Other persons may be admitted as substitute General Partners pursuant to the Agreement.
- (B) The Partnership will consist of DRIC IV as the General Partner and DRIC IV and the additional Limited Partner as Limited Partners.

Capital contributions for the Limited Partnership interest will take place as follows:

DRIC IV - General Partner	\$ 100
DRIC IV - Limited Partner	\$ 825,000
Additional Limited Partner	\$ 3,300,000
	<u>\$ 4,125,100</u>
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Capital contributions for the limited partnership interests will take place as follows:-

	From: Binladin	From: Daniel	Total. Contributions
November 10, 1982	\$ 2,284,800	\$ 571,300	\$ 2,856,100
September 1, 1983	\$ 530,000	\$ 132,500	\$ 662,500
September 1, 1984	\$ 485,200	\$ 121,300	\$ 606,500
TOTAL	\$ 3,300,000	\$ 825,100	\$ 4,125,100

All payments except the first installment of Capital Contributions due on the admission of Binladin to the Partnership will be secured by promissory notes of the Partners.

(C) These Projections have been prepared based on an assumed date of admission of Binladin of November 10, 1982. Any significant delay or acceleration of this date may significantly impact the Projections and decrease or increase the projected benefits to Binladin for 1982.

(D) The Partnership will use the accrual method of accounting for tax reporting, which also is the method to be used for financial reporting.

(E) DRIC IV has agreed to lend the Partnership any and all funds necessary to pay operating deficits of the Partnership arising from the ongoing operation of any of all the Property at any time during the period following the admission of the Limited Partner through December 31, 1985; provided, however, that the obligation of DRIC IV to make any such loans shall cease at such time as the aggregate original principal amount of all such loans, regardless when made or paid and including all accrued interest thereon, shall have equalled or exceeded \$ 250,000.

TAX ASPECTS (see also FEDERAL INCOME TAX ASPECTS)

and characterization of certain items herein will be allowed for tax purposes by the Service. The General Partner is not giving any legal or tax advice with regard to any such items or the prospective Investor's investment in the Partnership. Accordingly, the prospective Investor should consult and rely upon his business and tax advisors to evaluate the possible impact of participation on his personal tax situation.

(3) GROSS INCOME.

Potential Gross Rent for 1982 is projected to be \$ 1,504,680 or \$ 125,390 per month. As of September 30, 1982, Potential Gross Rent was \$ 125,390 per month. Potential Gross Rents are projected to increase 9% per year after 1982.

The projected "Other Income" from the Property is \$ 39,022 for 1982 and is projected to increase 6% per year after 1982. "Other Income" includes laundry income, late fees, forfeited security deposits and miscellaneous sources of income.

(4) VACANCY

For 1982 and therefore, a vacancy allowance has been computed on the basis of 5% of annual apartment gross income.

(5) OPERATING EXPENSES

The projected operating expenses for the remainder of 1982 are shown below. It is assumed that operating expenses will increase at an average of 8% per year.

PROJECTED 1982 *
OPERATING EXPENSES.

Maintenance and repairs	\$ 28,752
Utilities	\$ 16,599
Administrative	\$ 10,623
Taxes and Licenses	\$ 14,552
Insurance	\$ 2,656
Management Fee	\$ 10,126
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TOTAL	\$ 83,308
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* November 10 through December 31.